GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4206
ANSWERED ON:19.04.2002
COST OF COLLECTION ON INCOME TAX
JAGMEET SINGH BRAR

Will the Minister of FINANCE be pleased to state:

(a) Whether there is consistent rise in realisation of Income tax of the pre-assessment stage whereas the cost of collection has not come down;

(b) if so, the percentage of Income Tax realised at pre-assessment stage for corporate and non-corporate assessees and cost of collection in paise per rupee of income tax during the last three years; and

(c) The steps taken to reduce the cost of collection of income tax ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

a) Yes, Sir. There is consistent rise in realisation of Income Tax of the pre-assessment stage in the last three years as can be seen from the table below:

(Rs in Crores)

F,Y Tax	Advance.	TDS Assesstt.	Self	Total@
98-99	24365	16258	4736	45359
99-00	30849	18546	4509	53904
2000-01	32614	28213	5842	66669

@ Gross figures not considering refunds.

However, the cost of collection has gone down in terms of cost per rupee of tax collected and has remained constant in terms of cost per assessee as shown in the following table:

F.Y Cost of colln (Rs)	Per Asessees per rupee of Tax collected.		Cost(paise)	
	CT	IT	CT	IT
1998-99	3000	400	0.4	3.73
1999-00	3000	400	0.35	3.07
2000-01	3000	400	0.31	2.59

b)The percentage of pre-asessment collection of tax to the total collection in last three years is as under:

(Rs .in crores)

F.Y	P re-Asstt colln		total + pre-asstt collection		%age of Collection Adv.Tax+ TDS+S.A) to the total Collection	
	CT	IT	CT	IT	CT	IT
98-99	25969	19389	32612	22412	79.62	86.51
99-00	28828	25077	39151	28684	73.63	87.43
2000-01	34798	32780	45048	35163	77.25	93.23

+ gross figures not considering refunds.

The cost of collection in paise per rupee of income tax is already given in the last column of the second table in reply to para (a) above.

b) The Income Tax Department is approaching the issue from two sides. At the one hand all out efforts are being made to increase the collection of tax revenue, including recovery of arrear demand and faster disposal of appeals. On the other hand, the administrative cost is sought to be kept under check through austerity measures. The cadre re-structuring of the income tax department would lead to further cost reduction in terms of salary and allowances to be paid.